

REPORT OF THE PROPERTY TAX REFORM COMMISSION

REVISION OF MONTANA'S
PROPERTY TAX CLASSIFICATION SYSTEM

November 1975

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Revision of Montana's property tax class



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REVISION OF MONTANA'S PROPERTY
TAX CLASSIFICATION SYSTEM

A REPORT TO THE FORTY-SIXTH LEGISLATURE

REVENUE OVERSIGHT COMMITTEE

December 1978

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The Committee's activity was funded by money appropriated
in HB 842, Laws of 1977.

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1 HOUSE JOINT RESOLUTION NO. 96

2 INTRODUCED BY WILLIAMS, MUENKERS, FARRECA

3
4 A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF
5 REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING THE
6 LEGISLATIVE COMMITTEE ON PRIORITIES TO APPOINT A JOINT
7 COMMITTEE TO CONDUCT AN INTERIM STUDY OF THE PROPERTY TAX
8 CLASSIFICATION SYSTEM AND TO PRESENT RECOMMENDATIONS AND
9 PROPOSED LEGISLATION TO THE 46TH LEGISLATURE.

10
11 WHEREAS, Montana's property tax classification system
12 although often studied, has not been reorganized since 1918;

13 and
14 WHEREAS, changes in the classification system made in
15 each successive Legislature since 1918 and changes in the
16 types and uses of property have diluted the internal logic
17 of each class, making several classes a collection of
18 unrelated types of property; and

19 WHEREAS, past assessment practices have varied so
20 markedly that the effective tax rate for similar types of
21 property is different; and

22 WHEREAS, many bills introduced in the 45th Legislature
23 questioned the equity of the existing classifications and
24 tax rates for various types of property; and

25 WHEREAS, the equity of lowering taxes for one type of

1 property cannot be considered in isolation because the tax
2 burden is simply shifted to another type of property; and
3 WHEREAS, the new assessments produced by the cyclical
4 reappraisal program can substantially raise taxes on real
5 property, causing concern among many Montana citizens; and
6 WHEREAS, the study of property tax assessment laws and
7 rules completed during the last legislative interim has
8 provided the details necessary for a study of the classes
9 and their tax rates.

10
11 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE
12 OF REPRESENTATIVES OF THE STATE OF MONTANA:

13 That the Legislative Committee on Priorities is
14 requested to appoint a joint committee to conduct an interim
15 study of the property tax classification system as a whole,
16 with special emphasis on the reasons for classing certain
17 property together and the equity of taxing each type of
18 property at its current rate. The committee shall use HJR 45,
19 introduced in the 45th Legislature, as a starting point and
20 prepare proposed legislation embodying its recommendations
21 to the 46th Legislature.

-End-

SUMMARY OF RECOMMENDATIONS

The Revenue Oversight Committee recommends the following bill to the 46th Legislature:

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE PROPERTY TAX CLASSIFICATION SYSTEM; AMENDING SECTIONS 15-1-101, 15-6-101, 15-7-202, 15-8-111, 15-23-501, 15-23-505, 15-24-102, 15-24-301, 15-24-505, 15-24-506, 15-24-1102, 15-24-1103, 15-24-1308, 15-24-1311, AND 20-9-407; AND REPEALING SECTIONS 15-6-102 THROUGH 15-6-121 AND 15-7-121."

BACKGROUND OF THE STUDY

The Revenue Oversight Committee's proposed revision of Montana's property tax classification system, contained in the bill draft accompanying this report, completes a task begun in 1975.

Over the 1975-1976 interim, the Subcommittee on Taxation was assigned to conduct a study to determine "whether or not the existing classifications are equitable." Early in the study, Subcommittee members decided that the question of equity could not even be approached until they understood the effective rates of taxation and the legislature controlled them. From this decision came HB 70 of the 1977 session, which ended the century-old practice of fractional assessment by requiring that most property be assessed at 100% of market value and taxed at rates set by the legislature. The Subcommittee advocated enactment of this reform as a first step to be followed by a thorough study of the equity of classifications and tax rates during the 1977-78 interim.*

HB 70 passed both houses almost unanimously and has worked efficiently to solve the "extra-legal" assessment problems it was designed to correct. However, it also underscored the need for streamlining and regrouping classes. Because the bill was designed to keep effective tax rates the same for all property, it increased the number of classes from 11 to 18. Two new classes were added by other legislation, raising the total number of classes to 20. Further, similar types of property are scattered throughout these classes and taxed at different rates. For example, tools, which are similar but used in different industries, are taxed at 13%, 12%, and 8%. Small farm machinery is taxed at 13% and large farm machinery at 11%. Lastly, difficult-to-calculate fractional tax rates (13.3%, 4.2%, 2.8%) have increased assessors' work. These changes have made Montana's property tax classification system the most complex and lengthy in the nation. Table I shows the property in each of the 20 classes and the current tax rates.

HJR 98, passed by the 1977 Legislature, urged an interim study of these problems and "of the property tax classifications system as a whole, with special emphasis on the reasons for classing certain property together and the equity of taxing each type of property at its current rate."

The Revenue Oversight Committee appointed a Subcommittee to undertake this study.

*The 1977-78 Subcommittee did draft and introduce in the 1977 session HB 45, which tried to create a more streamlined and equitable classification system. Members felt, however, that the matter had not received sufficient study and held the bill in favor of HB 70 and future work.

TABLE I

TAX RATES UNDER CURRENT PROPERTY TAX LAW

| <u>Class</u> | <u>Property</u> | <u>Tax Rate</u> |
|--------------|--|-----------------|
| I | Right of entry | 100 |
| II | Annual net proceeds of all mines and mining claims, except coal and metal mines | 100 |
| III | Annual gross of strip coal mines | 45 |
| IV | Annual gross proceeds of underground coal mines | 33 1/3 |
| V | Moneyed capital and bank shares | 30, 7 |
| VI | Agricultural land | 30 |
| VII | Centrally assessed utilities | 16 |
| | All other property | 16 |
| | Large trucks and trailers | 16 |
| VIII | All agricultural and other tools, implements, and machinery; gas and other engines & boilers; and threshing machines & outfits except large farm machinery, and tools and implements included in classes XII and XIV | 13 |
| | Harnesses, saddlery, and robes | 13 |
| IX | Automobiles, motor trucks, and other power-driven cars & vehicles of all kinds except mobile homes, large trucks, and property in class X | 13.3 |
| | Commercial furniture & fixtures | 13.3 |
| X | Ski lift equipment | 12 |
| | Mining and manufacturing machinery & supplies | 12 |
| | Camper trailers and truck campers | 12 |
| XI | Real estate & improvements except that specifically included in another class | 8.55 |
| | Mobile homes | 8.55 |
| | Trailers affixed to land | 8.55 |
| XII | Boats | 11 |
| | Motorcycles | 11 |
| | Airplanes | 11 |
| | Large farm machinery | 11 |

| | | |
|-------|--|----------|
| XIII | Incremental increase in the value of real estate produced by repairing, maintaining, or improving existing improvements | 2.4 - 12 |
| XIV | All property of rural electrical & telephone companies | 8 |
| | Tools & repair equipment | 8 |
| | Electrical transformers & meters, electric light and power substation machinery, natural gas measuring and regulating equipment, meters, and compressor station machinery and tools used to repair and maintain this equipment | 8 |
| | Livestock, poultry, and the unprocessed products of both | 8 |
| XV | Any improvement on real property, a trailer affixed to land, or a mobile home & appurtenant land owned by certain widows and disabled persons | 4.275 |
| XVI | Business inventories | 4.2 |
| | Mobile machines used in new industry | 4.2 |
| XVII | Unprocessed agricultural products | 3.5 |
| XVIII | The dwelling house & the lot of 100% disabled veteran | 2.8 |
| | All property used & owned by coopera- tive rural electrical & cooperative rural telephone associations | 2.8 |
| | Air pollution control equipment | 2.8 |
| | New industrial equipment, except mobile machinery | 2.8 |
| XIX | Gross proceeds of metal mines | 3 |
| XX | Recreational vehicles owned by certain senior citizens | 6 |

COMMITTEE DELIBERATIONS

The Subcommittee met several times to consult with Department of Revenue staff and to receive testimony from assessors of and other interested persons. Members studied the property in each of the twenty classes and made suggestions for consolidation. After several preliminary drafts, the Subcommittee completed a detailed revision of the property tax classification system. The proposed revision:

- 1) reduced the number of classes from twenty to ten;
- 2) created less complex tax rates in these classes;
- 3) grouped property of a like nature together whenever possible; and
- 4) eliminated tax classifications that were rarely used.

The Revenue Oversight Committee unanimously approved the proposal, with a few amendments. Table II shows the proposed new classes and the property grouped in each. The bold type shows the major groupings of property contained in the proposed bill. The property in lower case is part of these larger groupings and is included only as an aid to identifying the property to be assessed in each class.

Several classes may be of particular interest:

Class VII contains most types of machinery in the state. At present, this machinery is scattered through four different classes.

Class V consolidates the low tax rate property into a single class, instead of the three classes now used.

The current class XIII, which provides a reduced tax rate for value added to property by repairing, maintaining, or improving the property, was not included in the proposal because it is rarely used and has proved cumbersome for assessors.

FISCAL IMPACT

Although tax rates have been changed in many categories, the overall fiscal impact is very slight -- a decrease of 1.3% in taxable value statewide. Table IV shows the current taxable value for each class of property statewide (1978) and the taxable value under the proposed bill.

Tables II and III show the impact on two counties. In rural Roosevelt County, the bill would decrease taxable value approximately 1.5%. In Yellowstone County, with its mixture of rich rural land and fast-growing urban center, the fiscal impact

would be a 2.1% decrease. In the remaining 54 counties, the fiscal impact would range between 0.2% and 4.6%.* This slight decrease in taxable value, which is much less than the normal annual growth in taxable value, will be unnoticeable in most counties.

SUMMARY

The Revenue Oversight Committee regards the attached bill as a significant achievement because it

- 1) makes property taxation easier for citizens to understand;
- 2) decreases the complexity of assessor's work;
- 3) makes tax rates more equitable by grouping property of a like nature together;
- 4) achieves these objectives without significant fiscal impact.

For these reasons, the Revenue Oversight Committee strongly urges the 46th Legislature to pass this bill.

* Fiscal impact data prepared by Research Division,
Department of Revenue

TABLE II

ROOSEVELT COUNTY

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | Change |
|----------------------|---------------------|---|--------------------------|---|--------|
| <u>CLASS I</u> | | | | | |
| 100% | 100% | A. THE RIGHT OF ENTRY | 2,158 | 2,158 | 0 |
| 100% | 100% | B. ANNUAL NET PROCEEDS OF ALL MINES AND MINING CLAIMS EXCEPT COAL AND METAL MINES | 5,297,457 | 5,297,457 | 0 |
| <u>CLASS II</u> | | | | | |
| 3% | 3% | A. GROSS PROCEEDS OF METAL MINES | 0 | 0 | 0 |
| 33 1/3% | 33 1/3% | B. GROSS PROCEEDS OF UNDEP- GROUND COAL MINES | 0 | 0 | 0 |
| 40% | 40% | C. GROSS PROCEEDS OF COAL MINES USING THE STRIP- MINING METHOD | 0 | 0 | 0 |
| <u>CLASS III</u> | | | | | |
| 30% | 30% | AGRICULTURAL LAND (INCLUDING TIMBER) | 3,677,050 | 3,677,050 | 0 |
| <u>CLASS IV</u> | | | | | |
| 8.55% | 8.55% | A. ALL LAND EXCEPT THAT SPECIFICALLY INCLUDED IN ANOTHER CLASS | 417,231 | 417,231 | 0 |
| 8.55% | 8.55% | B. ALL IMPROVEMENTS EXCEPT THOSE SPECIFICALLY IN- CLUDED IN ANOTHER CLASS | 4,097,905* | 4,097,905* | 0 |
| 8.55% | 8.55% | C. ALL TRAILERS AND MOBILE HOMES USED AS PERMANENT DWELLINGS WITH CERTAIN EXCEPTIONS | 181,328 | 181,328 | 0 |

* Includes locally assessed utility property

| Proposed Tax Rate | Current Tax Rate | Classed | Current Taxable Value | Taxable Value Under Proposed Tax Rate | % Change |
|----------------------|---------------------|---|--------------------------|---|----------------|
| 1.40 | 1.50 | D. DWELLINGS AND LAND OWNED BY CERTAIN VILLAGES, REFINED, DISBURSED AND OTHER PERSONS WHOSE INCOME DOES NOT EXCEED \$7,000 IF SINGLE AND \$8,000 IF MARRIED | 28,963 | 28,963 | 0 |
| <u>CLASS V</u> | | | | | |
| 3.00 | 4.00 | A. BUSINESS INVENTORIES | 413,313 | 295,106 | -28.6 |
| 3.00 | 4.50 | B. UNPROCESSED AGRICULTURAL PRODUCTS | 111,321 | 95,736 | -14.3 |
| 3.00 | 4.00 | C. ALL PROPERTY OWNED BY COOPERATIVE RURAL ELECTRIC AND COOPERATIVE RURAL TELEPHONE ASSOC. | 304,046 | 325,624 | + 7.1 |
| 3.00 | 4.00 | D. AIR AND WATER POLLUTION CONTROL EQUIPMENT | 0 | 0 | 0 |
| 3.00 | 5.00 | E. RECREATIONAL VEHICLES OF CERTAIN RETIRED PERSONS | 0 | 0 | -50 |
| 3.00 | 4.00 | F. NEW INDUSTRIAL PROPERTY | 0 | 0 | (+7.1)-(-28.6) |
| <u>CLASS VI</u> | | | | | |
| 8.00 | 8.00 | A. LIVESTOCK, POULTRY AND UNPROCESSED PRODUCTS OF BOTH Bees and Bee Hive Equipment | 481,143 | 481,143 | 0 |
| 8.00 | - | B. ALL PROPERTY USED AND OWNED BY THOSE FURNISHING TELEPHONE COMMUNICATIONS TO RURAL AREAS | 0 | 0 | 0 |

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | Change |
|----------------------|---------------------|---|--------------------------|---|--------|
| 5% | 8% | C. ALL PROPERTY OWNED BY RURAL COOPERATIVES SERV- ING LESS THAN 95% OF CONSUMERS IN CITY OF TOWN | 0 | 0 | 0 |
| 5% | 8% | D. ELECTRIC TRANSFORMERS AND METERS, ELECTRIC LIGHT AND POWER SUBSTA- TION MACHINERY; NATURAL GAS MEASURING AND REGU- LATING STATION EQUIPMENT, METERS, AND COMPRESSOR STATION MACHINERY OWNED BY CENTRALLY ASSESSED TOOLS USED IN THE REPAIR AND MAINTENANCE OF THIS PROPERTY | 0 | 0 | 0 |
| 5% | 8% | E. TOOLS, IMPLEMENTS, AND MACHINERY USED TO REPAIR AND MAINTAIN MACHINERY NOT USED FOR MANUFACTUR- ING AND MINING PURPOSES | 35,303 | 35,303 | 0 |
| 11% | 11% | CLASS VII | | | |
| 11% | 11% | A. ALL AGRICULTURAL IMPLE- MENTS AND EQUIPMENT Tractors and other Large Farm Machinery | 1,548,618 | 1,548,161 | 0 |
| 11% | 13% | Small Farm Machinery | | | -15.4 |
| 11% | 13% | Sprinkler Irrigation Systems | | | -15.4 |
| 11% | 13% | Dairy Equipment | | | -15.4 |
| 11% | 13% | Honey Extracting Equip- ment | | | -15.4 |

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | Change |
|----------------------|---------------------|--|--------------------------|---|--------|
| 11% | 12% | B. ALL MINING MACHINERY, FIXTURES, EQUIPMENT, TOOLS AND SUPPLIES EX- CEPT THOSE INCLUDED IN CLASS FIVE AND COAL AND ORE HAULERS | 283,473 | 269,850 | |
| 11% | 12% | Mobile Machinery and Equipment | | | -15.4 |
| 11% | 12% | Stationary Mining Machi- nery and Equipment | | | - 8.3 |
| 11% | 12% | Mining Supplies | | | - 8.3 |
| 11% | 12% | Repair Shop Tools and Equipment | | | - 8.3 |
| 11% | 12% | Oil and Gas Field Sur- face Production Equip- ment | | | - 8.3 |
| 11% | 12% | C. ALL MANUFACTURING MACHI- NERY, FIXTURES, EQUIP- MENT, TOOLS, AND SUPPLIES EXCEPT THOSE INCLUDED IN CLASS FIVE | 322,790 | 295,890 | |
| 11% | 12% | Mobile Machinery and Equipment | | | -15.4% |
| 11% | 12% | Stationary Manufacturing Machinery and Equipment | | | - 8.3 |
| 11% | 12% | Repair Shop Tools and Equipment | | | - 8.3 |
| 11% | 12% | Sawmill Machinery and Equipment | | | - 8.3 |
| 11% | 12% | Meat Packing Machinery and Equipment | | | - 8.3 |
| 11% | 12% | Bakery Equipment | | | - 8.3 |
| 11% | 12% | Cannery Equipment | | | - 8.3 |
| 11% | 12% | Bottling Equipment | | | - 8.3 |
| 11% | 12% | Non-Ferrous Metal Smelt- ing Machinery and Equipment | | | - 8.3 |

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | %Change |
|----------------------|---------------------|---|--------------------------|---|---------|
| 11% | 12% | Petroleum Refinery and Marketing Machinery and Equipment | | | - 8.3 |
| 11% | 12% | Grain Processing and Handling Machinery and Equipment | | | - 8.3 |
| 11% | 12% | Pulp and Paper Processing and Manufacturing Machinery and Equipment | | | - 8.3 |
| 11% | 12% | Machinery and Equipment used to process and manufacture Gypsum, Clay, Concrete and Stone Products | | | - 8.3 |
| 11% | 12% | Sugar Handling, Process- ing and Manufacturing Equipment | | | - 8.3 |
| 11% | 12% | Ready Mix Concrete Plants Machinery and Equipment | | | - 8.3 |
| 11% | 12% | Asphalt Plant Machinery and Equipment | | | - 8.3 |
| 11% | 12% | Gravel Crushing Machinery and Equipment | | | - 8.3 |
| 11% | 12% | Printing and Publishing Machinery and Equipment | | | - 8.3 |
| 11% | 12% | Machinery and Equipment used to fabricate metal products | | | - 8.3 |
| 11% | 11% | D. MOTORCYCLES | 6,660 | 6,660 | 0 |
| 11% | 11% | E. WATERCRAFT | 37,712 | 37,712 | 0 |
| 11% | 13.3% | F. LIGHT UTILITY AND BOAT TRAILERS | 0 | 0 | -17.3 |
| 11% | 11% | G. AIRCRAFT | | | 0 |
| 11% | 13.3% | H. SNOWMOBILES AND ALL- TERRAIN VEHICLES | 21,985 | 21,985 | -17.3 |
| 11% | 13% | I. HARNESS, SADDLERY, AND OTHER TACK EQUIPMENT | 0 | 0 | -15.4 |

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | Change |
|----------------------|---------------------|--|--------------------------|---|---------------------------|
| 11% | | 3. ALL OTHER MACHINERY EXCEPT THAT SPECIFICALLY INCLUDED IN ANOTHER CLASS | 572,077 | 484,064 | |
| 11% | 12% | Ski Lifts, Tows and Associated Equipment | | | - 8.3 |
| 11% | 12-13.3% | And Accessories All Tools, Implements, Machinery and Equipment used for repairs or maintenance except those included in Class V or VII | | | (-8.3) - (-17.3%) |
| 11% | 13% | All Boilers Motors, Gas and Other Engines | | | -17.3 |
| 11% | 13% | All other Machinery and Equipment except those included in Class V including: | | | -17.3 |
| 11% | 13% | Construction Machinery and Equipment | | | -17.3 |
| 11% | 12-13% 12% | Logging Machinery and Equipment Drilling Rigs Service and Workover Rigs | | | (-8.3) - (-17.3) - 8.3 |
| CLASS V-II | | | | | |
| 12% | 13.3% | A. AUTOMOBILES TRUCKS & BUSES | 1,398,626 | 1,367,079 | - 2.3 |
| 13% | 13.3% | Trucks 1 1/2 Tons and Under | | | - 2.3 |
| 13% | 13.3% | Buses | | | - 2.3 |
| 13% | 12-13.3% | B. STOCK, CAMPING, AND TRAVEL TRAILERS | 0 | 0 | - 2.3 |
| 13% | 12% | C. ALL TRUCK CAMPERS AND TOPPERS WEIGHING MORE THAN 300 POUNDS EXCEPT THOSE INCLUDED IN CLASS V | 0 | 0 | + 8.3 |

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | %Change |
|----------------------|---------------------|---|--------------------------|---|---------|
| 13% | 13.3% | D. MOTOR HOMES EXCEPT THOSE INCLUDED IN CLASS V | 0 | 0 | - 2.3 |
| 13% | 13.3% | E. FURNITURE, FIXTURES, AND EQUIPMENT USED IN COM- MERICAL ESTABLISHMENTS | 177,914 | 173,901 | - 2.3 |
| 13% | 13.3% | Hotel and Motel Furniture | | | - 2.3 |
| 13% | 13.3% | Office Furniture and Equipment | | | - 2.3 |
| 13% | 13.3% | Coin Operated Machines and Equipment | | | - 2.3 |
| 13% | 13.3% | Billboards and Neon Signs | | | - 2.3 |
| 13% | 13.3% | Abstract Records | | | - 2.3 |
| 13% | 13.3% | Professional Libraries | | | - 2.3 |
| 13% | 13.3% | Cash Registers | | | - 2.3 |
| 13% | 13.3% | Office Machines | | | - 2.3 |
| 13% | 13.3% | Computer and Data Pro- cessing Equipment | | | - 2.3 |
| 13% | 13.3% | Barber and Beauty Shop Equipment | | | - 2.3 |
| 13% | 13.3% | Bowling Alleys and Equip- ment | | | - 2.3 |
| 13% | 13.3% | Furniture included in a Rental Unit | | | - 2.3 |
| 13% | 13.3% | Laundry and Dry Cleaning Equipment | | | - 2.3 |
| 13% | 13.3% | Photographic Equipment | | | - 2.3 |
| 13% | 13.3% | Garbage Collection Con- tainers | | | - 2.3 |
| 13% | 13% | F. CITIZEN BAND RADIOS AND MOBILE PHONES | 0 | 0 | 0 |
| | | <u>CLASS IX</u> | | | |
| 7%, 30% | 7%, 30% | MONEYED CAPITAL AND SHARES OF BANKS | 405,591 | 405,591 | 0 |

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | % Change |
|----------------------|---------------------|--|--------------------------|---|----------|
| 16% | 16% | A. RADIO AND TELEVISION BROADCASTING AND TRANSMIT- TING EQUIPMENT | 7,440 | 7,440 | 0 |
| 16% | 16% | B. CABLE TELEVISION SYSTEMS | 0 | 0 | 0 |
| 16% | 16% | C. X-RAY AND SPECIALIZED MEDICAL AND DENTAL EQUIP- MENT | 10,383 | 10,383 | 0 |
| 16% | 16% | D. THEATER PROJECTORS AND SOUND EQUIPMENT | 0 | 0 | 0 |
| 16% | 16% | E. TRUCKS WEIGHING MORE THAN 1 1/2 TONS, INCLUDING THOSE PRO-RATED | 0 | 0 | 0 |
| 16% | 16% | F. TRAILERS, EXCEPT THOSE INCLUDED IN CLASSES FIVE, SEVEN, OR EIGHT, INCLUDING THOSE PRO-RATED UNDER 15-24-102 | 143,635 | 143,635 | 0 |
| 16% | 16% | G. CENTRALLY ASSESSED UTIL- ITY ALLOCATIONS AFTER DEDUCTIONS OF LOCALLY ASSESSED PROPERTY | 1,810,492 | 1,810,492 | 0 |
| 16% | 16% | Oil and Gas Gathering Lines | | | |
| 16% | 16% | H. COAL AND ORE HAULERS | 0 | 0 | 0 |
| 16% | 16% | I. ALL OTHER PROPERTY | 124,189 | 124,189 | 0 |
| TAX EXEMPT | 2.8% | DWELLING & LOT OF DISABLED VETERAN | 1,559 | 0 | |
| | | TOTAL | 219,929,074 | 21,619,242 | -1.5 |

TABLE III
YELLOWSTONE COUNTY

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | Change |
|----------------------|---------------------|---|--------------------------|---|--------|
| <u>CLASS I</u> | | | | | |
| 100% | 100% | A. THE RIGHT OF EMBURY | 15,417 | 15,417 | 0 |
| 100% | 100% | B. ANNUAL NET PROCEEDS OF ALL MINES AND MINING CLAIMS EXCEPT COAL AND METAL MINES | 172,352 | 172,352 | 0 |
| <u>CLASS II</u> | | | | | |
| 3% | 3% | A. GROSS PROCEEDS OF METAL MINES | 0 | 0 | 0 |
| 33 1/3% | 33 - 3% | B. GROSS PROCEEDS OF UNDER- GROUND COAL MINES | 0 | 0 | 0 |
| 45% | 45% | C. GROSS PROCEEDS OF COAL MINES USING THE STRIP- MINING METHOD | 0 | 0 | 0 |
| <u>CLASS III</u> | | | | | |
| 30% | 30% | AGRICULTURAL LAND (INCLUDING TIMBER) | 3,545,828 | 3,545,828 | 0 |
| <u>CLASS IV</u> | | | | | |
| 8.55% | 8.55% | A. ALL LAND EXCEPT THAT SPECIFICALLY INCLUDED IN ANOTHER CLASS | 29,775,155 | 29,775,155 | 0 |
| 9.55% | 8.55% | B. ALL IMPROVEMENTS EXCEPT THOSE SPECIFICALLY IN- CLUDED IN ANOTHER CLASS | 75,183,217* | 75,183,217* | 0 |
| 8.55% | 8.55% | C. ALL TRAILERS AND MOBILE HOMES USED AS PERMANENT DWELLINGS WITH CERTAIN EXCEPTIONS | 2,331,082 | 2,331,082 | 0 |

* Includes locally assessed utility property

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | %Change |
|----------------------|---------------------|--|--------------------------|---|----------------|
| 4.275% | 4.275% | D. DWELLINGS AND LAND OWNED BY CERTAIN WIDOWS, RETIRED, DISABLED AND OTHER PERSONS WHOSE INCOME DOES NOT EXCEED \$7,000 IF SINGLE AND \$8,000 IF MARRIED | 1,112,902 | 1,112,902 | 0 |
| CLASS V | | | | | |
| 3% | 4.2% | A. BUSINESS INVENTORIES | 7,131,106 | 5,098,740 | -28.6 |
| 3% | 5.5% | B. UNPROCESSED AGRICULTURAL PRODUCTS | 213,890 | 183,303 | -14.3 |
| 3% | 2.8% | C. ALL PROPERTY OWNED BY COOPERATIVE RURAL ELECTRIC AND COOPERATIVE RURAL TELEPHONE ASSOC. | 1,866,783 | 1,999,280 | + 7.1 |
| 3% | 2.8% | D. AIR AND WATER POLLUTION CONTROL EQUIPMENT | 125,803 | 134,735 | + 7.1 |
| 3% | 6% | E. RECREATIONAL VEHICLES OF CERTAIN RETIRED PERSONS | 0 | 0 | -50 |
| 3% | 2.8-4.2% | F. NEW INDUSTRIAL PROPERTY | 129,540 | 105,759 | (-28.6)-(+7.1) |
| CLASS VI | | | | | |
| 8% | 8% | A. LIVESTOCK, POULTRY AND UNPROCESSED PRODUCTS OF BOTH Bees and Bee Hive Equipment | 1,363,643 | 1,363,643 | 0 |
| 8% | 8% | B. ALL PROPERTY USED AND OWNED BY THOSE FURNISHING TELEPHONE COMMUNICATIONS TO RURAL AREAS | 0 | 0 | 0 |

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | %Change |
|----------------------|---------------------|--|--------------------------|---|---------|
| 5¢ | 8¢ | C. ALL PROPERTY OWNED BY RURAL COOPERATIVES SERVICING LESS THAN 95% OF CONSUMERS IN CITY OR TOWN | 0 | 0 | 0 |
| 8¢ | 8¢ | D. ELECTRIC TRANSFORMERS AND METERS, ELECTRIC LIGHT AND POWER SUBSTA- TION MACHINERY; NATURAL GAS MEASURING AND REGU- LATING STATION EQUIPMENT, METERS, AND COMPRESSOR STATION MACHINERY OWNED BY CENTRALLY ASSESSED PUBLIC UTILITIES; AND TOOLS USED IN THE REPAIR AND MAINTENANCE OF THIS PROPERTY | 0 | 0 | 0 |
| 8¢ | 8¢ | E. TOOLS, IMPLEMENTS, AND MACHINERY USED TO REPAIR AND MAINTAIN MACHINERY NOT USED FOR MANUFACTUR- ING AND MINING PURPOSES | 892,908 | 892,908 | 0 |
| CLASS VII | | | | | |
| 11¢ | | A. ALL AGRICULTURAL IMPLE- MENTS AND EQUIPMENT | 2,027,725 | 1,934,951 | 0 |
| 11¢ | 11¢ | Tractors and other Large Farm Machinery | | | -15.4 |
| 11¢ | 13¢ | Small Farm Machinery | | | -15.4 |
| 11¢ | 13¢ | Sprinkler Irrigation Systems | | | -15.4 |
| 11¢ | 13¢ | Dairy Equipment | | | -15.4 |
| 11¢ | 13¢ | Honey Extracting Equip- ment | | | -15.4 |

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | Change |
|----------------------|---------------------|---|--------------------------|---|--------|
| 11 | | B. | 13,559 | 12,429 | |
| 11 1/2 | 13 1/2 | ALL MINING MACHINERY, FIXTURES, EQUIPMENT, TOOLS AND SUPPLIES EX- CEPT THOSE INCLUDED IN CLASS FIVE AND COAL AND ORE HAULERS | | | -15.4 |
| 11 1/2 | 12 1/2 | Mobile Machinery and Equipment | | | - 8.3 |
| 11 1/2 | 12 1/2 | Stationary Mining Machi- nery and Equipment | | | - 8.3 |
| 11 1/2 | 12 1/2 | Mining Supplies | | | - 8.3 |
| 11 1/2 | 12 1/2 | Repair Shop Tools and Equipment | | | - 8.3 |
| 11 1/2 | 12 1/2 | Oil and Gas Field Sur- face Production Equip- ment | | | - 8.3 |
| 11 1/2 | | C. | 11,846,833 | 10,859,596 | |
| 11 1/2 | | ALL MANUFACTURING MACHI- NERY, FIXTURES, EQUIP- MENT, TOOLS, AND SUPPLIES EXCEPT THOSE INCLUDED IN CLASS FIVE | | | -15.4 |
| 11 1/2 | 13 1/2 | Mobile Machinery and Equipment | | | - 8.3 |
| 11 1/2 | 12 1/2 | Stationary Manufacturing Machinery and Equipment | | | - 8.3 |
| 11 1/2 | 12 1/2 | Repair Shop Tools and Equipment | | | - 8.3 |
| 11 1/2 | 12 1/2 | Sawmill Machinery and Equipment | | | - 8.3 |
| 11 1/2 | 12 1/2 | Meat Packing Machinery and Equipment | | | - 8.3 |
| 11 1/2 | 12 1/2 | Bakery Equipment | | | - 8.3 |
| 11 1/2 | 12 1/2 | Cannery Equipment | | | - 8.3 |
| 11 1/2 | 12 1/2 | Bottling Equipment | | | - 8.3 |
| 11 1/2 | 12 1/2 | Non-Ferrous Metal Smelt- ing Machinery and Equipment | | | - 8.3 |

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | Change |
|----------------------|---------------------|---|--------------------------|---|--------|
| 11% | 12% | Petroleum Refinery, and Marketing Machinery and Equipment | 179,064 | 339,406 | 0 |
| | 12% | Grain Processing and Handling Machinery, and Equipment | 339,406 | 0 | -77/3 |
| 11% | 12% | Pulp and Paper Processing and Manufacturing Machinery and Equipment | 721,447 | 24,164 | 0 |
| 11% | 12% | Machinery and Equipment used to Process and manufacture Gypsum, Clay, Concrete and Stone Products | 721,447 | 24,164 | -17.3 |
| 11% | 12% | Sugar Handling, Process- ing and Manufacturing Equipment | 0 | 0 | -15.4 |
| 11% | 12% | Ready Mix Concrete Plants Machinery and Equipment | 179,064 | 339,406 | 0 |
| 11% | 12% | Asphalt Plant Machinery and Equipment | 339,406 | 0 | -77/3 |
| 11% | 12% | Gravel Crushing Machinery and Equipment | 721,447 | 24,164 | 0 |
| 11% | 12% | Printing and Publishing Machinery and Equipment | 721,447 | 24,164 | -17.3 |
| 11% | 12% | Machinery and Equipment used to fabricate metal products | 721,447 | 24,164 | -17.3 |
| 11% | 11% | D. MOTORCYCLES | 179,064 | 339,406 | 0 |
| 11% | 11% | E. WATERCRAFT | 339,406 | 0 | -77/3 |
| 11% | 13.3% | F. LIGHT UTILITY AND BOAT TRAILERS | 721,447 | 24,164 | 0 |
| 11% | 11% | G. AIRCRAFT | 721,447 | 24,164 | -17.3 |
| 11% | 13.3% | H. SNOWMOBILES AND ALL- TERRAIN VEHICLES | 721,447 | 24,164 | -17.3 |
| 11% | 13% | I. HARNESS, SADDLERY, AND OTHER TACK EQUIPMENT | 0 | 0 | -15.4 |

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | Change |
|----------------------|---------------------|--|--------------------------|---|-------------------------------|
| 11 | | 5. ALL OTHER MACHINERY EXCEPT THAT SPECIFICALLY INCLUDED IN ANOTHER CLASS | 2,040,161 | 1,722,899 | |
| 12 | 12 | Ski lifts, tows and Associated Equipment and Accessories | | | - 8.3 |
| 11 | 12-13.3 | All Tools, Implements, Machinery and Equipment used for repairs or maintenance except those included in Class V or VII | | | (-8.3)-(17.3) |
| 11 | 13 | All Boilers Motors, Gas and Other Engines and All other Machinery and Equipment except those included in Class V including: | | | -15.4 |
| 11 | 13 | Construction Machinery and Equipment | | | -15.4 |
| 11 | 13 | Logging Machinery and Equipment | | | ¹⁵ (-8.3)(15.4) |
| 11 | 12-13 | Drilling Rigs | | | |
| 11 | 12 | Service and Workover Rigs | | | - 8.3 |
| <u>CLASS VIII</u> | | | | | |
| 15 | 13.3 | A. AUTOMOBILES, TRUCKS & BUSES | 10,858,460 | 10,613,533 | - 2.3 |
| 15 | 13.3 | Trucks 1 1/2 Tons and Under | | | |
| 15 | 13.3 | Buses | | | |
| 15 | 12-13.3 | STOCK, CAMPING, AND TRAVEL TRAILERS | 0 | 0 | (+8.3)-(-2.3) |
| 15 | 12 | ALL TRUCK CAMMERS AND TOPPERS WEIGHING MORE THAN 300 POUNDS EXCEPT THOSE INCLUDED IN CLASS V | 517,571 | 619,202 | + 8.3 |

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | Change |
|----------------------|---------------------|---|--------------------------|---|--------|
| 13% | 13.3% | D. MOTOR HOMES EXCEPT THOSE INCLUDED IN CLASS V | 498,521 | 487,055 | - 2.3 |
| 13% | 13.3% | E. FURNITURE, PICTURES, AND EQUIPMENT USED IN COM- MERCIAL ESTABLISHMENTS | 4,410,362 | 4,308,923 | - 2.3 |
| 13% | 13.3% | Hotel and Motel Furniture | | | - 2.3 |
| 13% | 13.3% | Office Furniture and Equipment | | | - 2.3 |
| 13% | 13.3% | Coin Operated Machines and Equipment | | | - 2.3 |
| 13% | 13.3% | Billboards and Neon Signs | | | - 2.3 |
| 13% | 13.3% | Abstract Records | | | - 2.3 |
| 13% | 13.3% | Professional Libraries | | | - 2.3 |
| 13% | 13.3% | Cash Registers | | | - 2.3 |
| 13% | 13.3% | Office Machines | | | - 2.3 |
| 13% | 13.3% | Computer and Data Pro- cessing Equipment | | | - 2.3 |
| 13% | 13.3% | Barber and Beauty Shop Equipment | | | - 2.3 |
| 13% | 13.3% | Bowling Alleys and Equip- ment | | | - 2.3 |
| 13% | 13.3% | Furniture included in a Rental Unit | | | - 2.3 |
| 13% | 13.3% | Laundry and Dry Cleaning Equipment | | | - 2.3 |
| 13% | 13.3% | Photographic Equipment | | | - 2.3 |
| 13% | 13.3% | Garbage Collection Con- tainers | | | - 2.3 |
| 13% | 13% | F. CITIZEN BAND RADIOS AND MOBILE PHONES | 0 | 0 | 0 |
| CLASS IX | | | | | |
| 7%, 30% | 7%, 30% | MONEYED CAPITAL AND SHARES OF BANKS | 3,789,886 | 3,789,886 | 0 |

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | % Change |
|----------------------|---------------------|--|--------------------------|---|----------|
| | | CLASS X | | | |
| 16% | 16% | A. RADIO AND TELEVISION BROADCASTING AND TRANSMIT- TING EQUIPMENT | 0 | 0 | 0 |
| 16% | 16% | B. CABLE TELEVISION SYSTEMS | 0 | 0 | 0 |
| 16% | 16% | C. X-RAY AND SPECIALIZED MEDICAL AND DENTAL EQUIP- MENT | 489,319 | 489,319 | 0 |
| 16% | 16% | D. THEATER PROJECTORS AND SOUND EQUIPMENT | 0 | 0 | 0 |
| 16% | 16% | E. TRUCKS WEIGHING MORE THAN 1 1/2 TONS, INCLUDING THOSE PRO-RATED | | | |
| 16% | 16% | F. TRAILERS, EXCEPT THOSE INCLUDED IN CLASSES FIVE, SEVEN, OR EIGHT, INCLUDING THOSE PRO-RATED UNDER 15-24-102 | 2,048,181 | 2,048,181 | 0 |
| 16% | 16% | G. CENTRALLY ASSESSED UTIL- ITY ALLOCATIONS AFTER DEDUCTIONS OF LOCALLY ASSESSED PROPERTY Oil and Gas Gathering Lines | 11,201,491 | 11,201,491 | 0 |
| 16% | 16% | H. COAL AND ORE HAULERS | 0 | 0 | 0 |
| 16% | 16% | I. ALL OTHER PROPERTY | 0 | 0 | 0 |
| ax Exempt | 2.8% | DWELLING AND LOT OF 100% DISABLED VETERAN | 31,350 | 0 | -- |
| | | TOTAL | 174,902,178 | 171,265,866 | - 2.1% |

CABLE IV
STATEWIDE

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | Change |
|----------------------|---------------------|---|--------------------------|---|--------|
| <u>CLASS I</u> | | | | | |
| 100% | 100% | 1. THE RIGHT OF ENTRY | 1,046,694 | 1,046,694 | 0 |
| 100% | 100% | 2. MINERAL INTERESTS OF ALL MINES AND MINING CLAIMS EXCEPT COAL AND METAL MINES | 213,660,301 | 213,660,301 | 0 |
| <u>CLASS II</u> | | | | | |
| 3% | 3% | A. GROSS PROCEEDS OF METAL MINES | 39,039 | 39,039 | 0 |
| 33 1/3% | 33 1/3% | B. GROSS PROCEEDS OF UNDER- GROUND COAL MINES | 0 | 0 | 0 |
| 45% | 45% | C. GROSS PROCEEDS OF COAL MINES USING THE STRIP- MINING METHOD | 19,682,718 | 19,682,718 | 0 |
| <u>CLASS III</u> | | | | | |
| 30% | 30% | AGRICULTURAL LAND (INCLUDING TIMBER) | 126,682,988 | 126,682,988 | 0 |
| <u>CLASS IV</u> | | | | | |
| 8.55% | 8.55% | A. ALL LAND EXCEPT THAT SPECIFICALLY INCLUDED IN ANOTHER CLASS | 78,135,706 | 78,135,706 | 0 |
| 8.55% | 8.55% | B. ALL IMPROVEMENTS EXCEPT THOSE SPECIFICALLY IN- CLUDED IN ANOTHER CLASS | 312,507,302* | 312,507,302* | 0 |
| 8.55% | 8.55% | C. ALL TRAILERS AND MOBILE HOMES USED AS PERMANENT DWELLINGS WITH CERTAIN EXCEPTIONS | 12,683,588 | 12,683,588 | 0 |

* Includes locally assessed utility property

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | %Change |
|----------------------|---------------------|--|--------------------------|---|------------------|
| 4.1% | 4.2% | D. DWELLINGS AND LAND OWNED BY CERTAIN WIDOWS, RETIRED, DISABLED AND OTHER PERSONS WHOSE INCOME DOES NOT EXCEED \$7,000 IF SINGLE AND \$8,000 IF MARRIED | 4,136,600 | 4,136,600 | 0 |
| | | <u>CLASS V</u> | | | |
| 3% | 4.2% | A. BUSINESS INVENTORIES | 20,682,893 | 14,773,115 | -28.6 |
| 3% | 3.5% | B. UNPROCESSED AGRICULTURAL PRODUCTS | 2,965,117 | 2,541,532 | -14.3 |
| 3% | 2.8% | C. ALL PROPERTY OWNED BY COOPERATIVE RURAL ELECTRIC AND COOPERATIVE RURAL TELEPHONE ASSOC. | 2,205,265 | 2,361,839 | + 7.1 |
| 3% | 2.5% | D. AIR AND WATER POLLUTION CONTROL EQUIPMENT | 2,533,623 | 2,713,510 | + 7.1 |
| 3% | 6% | E. RECREATIONAL VEHICLES OF CERTAIN RETIRED PERSONS | 17,296 | 8,648 | -50 |
| 3% | 2.8-4.2% | F. NEW INDUSTRIAL PROPERTY | 578,742 | 647,964 | (-28.6) - (+7.1) |
| | | <u>CLASS VI</u> | | | |
| 8% | 5% | A. LIVESTOCK, POULTRY AND UNPROCESSED PRODUCTS OF BOTH Bees and Bee Hive Equipment | 38,155,976 | 38,155,976 | 0 |
| 5% | 2% | B. ALL PROPERTY USED AND OWNED BY THOSE FURNISHING TELEPHONE COMMUNICATIONS TO RURAL AREAS | 0 | 0 | 0 |

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | Change |
|----------------------|---------------------|--|--------------------------|---|--------|
| 8% | 8% | C. ALL PROPERTY OWNED BY RURAL COOPERATIVES SER- VING LESS THAN 95% OF CONSUMERS IN CITY OR TOWN | 0 | 0 | 0 |
| 8% | 8% | D. ELECTRIC TRANSFORMERS AND METERS, ELECTRIC LIGHT AND POWER SUBSTA- TION MACHINERY; NATURAL GAS MEASURING AND REGU- LATING STATION EQUIPMENT, METERS, AND COMPRESSOR STATION MACHINERY OWNED BY CENTRALLY ASSESSED PUBLIC UTILITIES; AND TOOLS USED IN THE REPAIR AND MAINTENANCE OF THIS PROPERTY | 0 | 0 | 0 |
| 8% | 8% | E. TOOLS, IMPLEMENTS, AND MACHINERY USED TO REPAIR AND MAINTAIN MACHINERY NOT USED FOR MANUFACTUR- ING AND MINING PURPOSES | 3,047,562 | 3,047,562 | 0 |
| CLASS VII | | | | | |
| 11% | 11% | A. ALL AGRICULTURAL IMPLE- MENTS AND EQUIPMENT Tractors and other Large Farm Machinery | 49,723,793 | 49,192,654 | 0 |
| 11% | 13% | Small Farm Machinery | | | -15.4 |
| 11% | 13% | Sprinkler Irrigation Systems | | | -15.4 |
| 11% | 13% | Dairy Equipment | | | -15.4 |
| 11% | 13% | Honey Extracting Equip- ment | | | -15.4 |

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | % Change |
|----------------------|---------------------|--|--------------------------|---|----------|
| | | B. ALL MINING MACHINERY, FIXTURES, EQUIPMENT, TOOLS AND SUPPLIES EX- CEPT THOSE INCLUDED IN CLASS FIVE AND COAL AND ORE HAULERS | | | |
| 11 | 13 | Mobile Machinery and Equipment | 4,298,486 | 3,940,279 | -15.4 |
| 11 | 12 | Stationary Mining Machi- nery and Equipment | | | - 8.3 |
| 11 | 12 | Mining Supplies | | | - 8.3 |
| 11 | 12 | Repair Shop Tools and Equipment | | | - 8.3 |
| 11 | 12 | Oil and Gas Field Sur- face Production Equip- ment | | | - 8.3 |
| 11 | | C. ALL MANUFACTURING MACHI- NERY, FIXTURES, EQUIP- MENT, TOOLS, AND SUPPLIES EXCEPT THOSE INCLUDED IN CLASS FIVE | | | |
| 11 | 13 | Mobile Machinery and Equipment | 33,073,874 | 30,317,715 | -15.4 |
| 11 | 12 | Stationary Manufacturing Machinery and Equipment | | | - 8.3 |
| 11 | 12 | Repair Shop Tools and Equipment | | | - 8.3 |
| 11 | 12 | Sawmill Machinery and Equipment | | | - 8.3 |
| 11 | 12 | Meat Packing Machinery, and Equipment | | | - 8.3 |
| 11 | 12 | Bakery Equipment | | | - 8.3 |
| 11 | 12 | Cannery Equipment | | | - 8.3 |
| 11 | 12 | Textile Equipment | | | - 8.3 |
| 11 | 12 | Non-Ferrous Metal Smelt- ing Machinery and Equipment | | | - 8.3 |

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | Change |
|----------------------|---------------------|---|--------------------------|---|--------|
| 11% | 12% | Petroleum Refinery and Marketing Machinery and Equipment | | | - 8.3 |
| 11% | 12% | Grain Processing and Handling Machinery and Equipment | | | - 8.3 |
| 11% | 12% | Pulp and Paper Processing and Manufacturing Machinery and Equipment | | | - 8.3 |
| 11% | 12% | Machinery and Equipment used to process and manufacture Gypsum, Clay, Concrete and Stone Products | | | - 8.3 |
| 11% | 12% | Sugar Handling, Process- ing and Manufacturing Equipment | | | - 8.3 |
| 11% | 12% | Ready Mix Concrete Plants Machinery and Equipment | | | - 8.3 |
| 11% | 12% | Asphalt Plant Machinery and Equipment | | | - 8.3 |
| 11% | 12% | Gravel Crushing Machinery and Equipment | | | - 8.3 |
| 11% | 12% | Printing and Publishing Machinery and Equipment | | | - 8.3 |
| 11% | 12% | Machinery and Equipment used to fabricate metal products | | | - 8.3 |
| 11% | 11% | D. MOTORCYCLES | 719,237 | 719,237 | 0 |
| 11% | 11% | E. WATERCRAFT | 1,794,494 | 1,794,494 | 0 |
| 11% | 13.3% | F. LIGHT UTILITY AND BOAT TRAILERS | 0 | 0 | -17.3 |
| 11% | 11% | G. AIRCRAFT | 2,900,446 | 2,900,406 | 0 |
| 11% | 13.3% | H. SNOWMOBILES AND ALL- TERRAIN VEHICLES | 4,188,146 | 3,463,814 | -17.3 |
| 11% | 13% | I. HARNESS, SADDLERY, AND OTHER TACK EQUIPMENT | 135 | 115 | -15.4 |

| Proposed Tax, Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | Change |
|-----------------------|---------------------|--|--------------------------|---|---------------------------|
| 11% | | J. ALL OTHER MACHINERY EXCEPT THAT SPECIFICALLY INCLUDED IN ANOTHER CLASS | | | |
| 11% | 12% | Ski Lifts, Tows and Associated Equipment and Accessories | 20,328,494 | 17,488,353 | - 8.3 |
| 11% | 12-13.3% | All Tools, Implements, Machinery and Equipment used for repairs or maintenance except those included in Class V or VII | | | |
| 11% | 13% | All Boilers Motors, Gas and Other Engines and All other Machinery and Equipment except those included in Class V including: | | | (-8.3) - (-17.3) -15.4 |
| 11% | 13% | Construction Machinery and Equipment | | | -15.4 |
| 11% | 13% | Logging Machinery and Equipment | | | -15.4 |
| 11% | 12-13% | Drilling Rigs | | | (-8.3) - (-15.4) |
| 11% | 12% | Service and Workover Rigs | | | - 8.3 |
| | | <u>CLASS VIII</u> | | | |
| 13% | 13.3% | A. AUTOMOBILES, Trucks, Buses | | | |
| 13% | 13.3% | Trucks 1 1/2 Tons and Under | 66,447,956 | 64,919,653 | - 2.3 |
| 13% | 13.3% | Buses | | | |
| 13% | 12-13.3% | B. STOCK, CAMPING, AND TRAVEL TRAILERS | | | |
| 13% | 12% | C. ALL TRUCK CAMPERS AND TOPPERS WEIGHING MORE THAN 300 POUNDS EXCEPT THOSE INCLUDED IN CLASS V | 0 | | (+8.3) - (-2.3) |
| | | | 2,756,838 | 2,985,656 | + 8.3 |

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | %Change |
|----------------------|---------------------|---|--------------------------|---|---------|
| 13% | 13.3% | D. MOTOR HOMES EXCEPT THOSE INCLUDED IN CLASS V | | | |
| 13% | 13.3% | E. FURNITURE, FIXTURES, AND EQUIPMENT USED IN COMMERCIAL ESTABLISHMENTS | 756,732 | 739,327 | - 2.3 |
| 13% | 13.3% | Hotel and Motel Furniture | 13,645,117 | 13,331,279 | - 2.3 |
| 13% | 13.3% | Office Furniture and Equipment | | | - 2.3 |
| 13% | 13.3% | Coin Operated Machines and Equipment | | | - 2.3 |
| 13% | 13.3% | Billboards and Neon Signs | | | - 2.3 |
| 13% | 13.3% | Abstract Records | | | - 2.3 |
| 13% | 13.3% | Professional Libraries | | | - 2.3 |
| 13% | 13.3% | Cash Registers | | | - 2.3 |
| 13% | 13.3% | Office Machines | | | - 2.3 |
| 13% | 13.3% | Computer and Data Processing Equipment | | | - 2.3 |
| 13% | 13.3% | Barber and Beauty Shop Equipment | | | - 2.3 |
| 13% | 13.3% | Bowling Alleys and Equipment | | | - 2.3 |
| 13% | 13.3% | Furniture included in a Rental Unit | | | - 2.3 |
| 13% | 13.3% | Laundry and Dry Cleaning Equipment | | | - 2.3 |
| 13% | 13.3% | Photographic Equipment | | | - 2.3 |
| 13% | 13.3% | Garbage Collection Containers | | | - 2.3 |
| 13% | 13% | F. CITIZEN BAND RADIOS AND MOBILE PHONES | 0 | 0 | 0 |
| <u>CLASS IX</u> | | | | | |
| 7%, 30% | 7%, 30% | MONEYED CAPITAL AND SHARES OF BANKS | 17,393,999 | 16,393,999 | 0 |

| Proposed Tax Rate | Current Tax Rate | Classes | Current Taxable Value | Taxable Value Under Proposed Tax Rate | % Change |
|----------------------|---------------------|--|--------------------------|---|----------|
| 16% | 16% | A. RADIO AND TELEVISION BROADCASTING AND TRANSMIT- TING EQUIPMENT | 311,907 | 311,907 | 0 |
| 16% | 16% | B. CABLE TELEVISION SYSTEMS | 0 | 0 | 0 |
| 16% | 16% | C. X-RAY AND SPECIALIZED MEDICAL AND DENTAL EQUIP- MENT | 1,779,874 | 1,779,874 | 0 |
| 16% | 16% | D. THEATER PROJECTORS AND SOUND EQUIPMENT | 0 | 0 | 0 |
| 16% | 16% | E. TRUCKS WEIGHING MORE THAN 1 1/2 TONS, INCLUDING THOSE PRO-RATED | 10,455,014 | 10,455,014 | 0 |
| 16% | 16% | F. TRAILERS, EXCEPT THOSE INCLUDED IN CLASSES FIVE, SEVEN, OR EIGHT, INCLUDING THOSE PRO-RATED UNDER 15-24-102 | | | |
| 16% | 16% | G. CENTRALLY ASSESSED UTIL- ITY ALLOCATIONS AFTER DEDUCTIONS OF LOCALLY ASSESSED PROPERTY | 80,733,362 | 80,733,363 | 0 |
| 16% | 16% | Oil and Gas Gathering Lines | 0 | 0 | 0 |
| 16% | 16% | H. COAL AND ORE HAULERS | 3,053,060 | 3,053,060 | 0 |
| 16% | 16% | I. ALL OTHER PROPERTY | | | |
| Tax Exempt | 2.8% | Dwelling and lot of 100% | 117,245 | 0 | - |
| | | Disabled Veteran | | | |
| | | TOTAL | 1,164,068,416 | 1,149,174,077 | - 1.3% |

1 BILL NO. _____

2 INTRODUCED BY _____

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE
5 PROPERTY TAX CLASSIFICATION SYSTEM; AMENDING SECTIONS
6 15-1-101, 15-6-101, 15-7-202, 15-8-111, 15-23-501,
7 15-23-505, 15-24-102, 15-24-301, 15-24-505, 15-24-506,
8 15-24-1102, 15-24-1103, 15-24-1308, 15-24-1311, AND
9 20-9-407; AND REPEALING SECTIONS 15-6-102 THROUGH 15-6-121
10 AND 15-7-121."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 NEW SECTION. Section 1. Class one property --
14 description -- taxable percentage. (1) Class one property
15 includes:

16 (a) the right of entry that is a property right
17 reserved in land or received by mesne conveyance (exclusive
18 of leasehold interests), devise, or succession to enter land
19 whose surface title is held by another to explore, prospect,
20 or dig for oil, gas, coal, or minerals; and

21 (b) the annual net proceeds of all mines and mining
22 claims except coal and metal mines.

23 (2) Class one property is taxed as follows:

24 (a) Property described in subsection (1)(a) is taxed
25 at 100% of its market value, as determined by the department

1 of revenue.

2 (b) Property described in subsection (1)(b) is taxed
3 at 100% of its annual net proceeds after deducting the
4 expenses specified and allowed by 15-23-503.

5 NEW SECTION. Section 2. Class two property --
6 description -- taxable percentage. (1) Class two property
7 includes:

- 8 (a) the annual gross proceeds of metal mines;
- 9 (b) the annual gross proceeds of underground coal
10 mines; and
- 11 (c) the annual gross proceeds of coal mines using the
12 strip-mining method.

13 (2) Class two property is taxed as follows:

14 (a) Property described in subsection (1)(a) is taxed
15 at 3% of its annual gross proceeds, as defined in 15-23-801.

16 (b) Property described in subsection (1)(b) is taxed
17 at 33 1/3% of its annual gross proceeds.

18 (c) Property described in subsection (1)(c) is taxed
19 at 45% of its annual gross proceeds.

20 NEW SECTION. Section 3. Class three property --
21 description -- taxable percentage. (1) Class three property
22 includes agricultural land as defined in 15-1-202.

23 (2) Class three property is taxed at 30% of its
24 productive capacity.

25 NEW SECTION. Section 4. Class four property --

1 description -- taxable percentage. (1) Class four property
2 includes:

3 (a) all land except that specifically included in
4 another class;

5 (b) all improvements except those specifically
6 included in another class;

7 (c) all trailers and mobile homes used as permanent
8 dwellings except:

9 (i) those held by a distributor or dealer of trailers
10 or mobile homes as his stock in trade; and

11 (ii) those specifically included in another class;

12 (d) the first \$35,000 or less of the market value of
13 any improvement on real property or a trailer or mobile home
14 used as a permanent dwelling and appurtenant land not
15 exceeding 5 acres owned or under contract for deed and
16 actually occupied for at least 10 months a year as the
17 primary residential dwelling of:

18 (i) a widow or widower 62 years of age or older who
19 qualifies under the income limitations of (iii) of this
20 subsection;

21 (ii) a widow or widower of any age with dependent
22 children who qualifies under the income limitations of (iii)
23 of this subsection; or

24 (iii) a recipient or recipients of retirement or
25 disability benefits whose total income from all sources is

1 not more than \$7,000 for a single person or \$8,000 for a
2 married couple.

3 (2) Class four property is taxed as follows:

4 (a) Property described in subsections (1)(a) through
5 (1)(c) is taxed at 8.55% of its market value.

6 (b) Property described in subsection (1)(d) is taxed
7 at one-half the taxable percentage established in subsection
8 (2)(a), or 4.275%.

9 NEW SECTION. Section 5. Class five property --
10 description -- taxable percentage. (1) Class five property
11 includes:

12 (a) business inventories as defined in this section;

13 (b) all unprocessed agricultural products on the farm
14 or in storage except:

15 (i) all perishable fruits and vegetables in farm
16 storage and owned by the producer; and

17 (ii) livestock and poultry and the unprocessed
18 products of both;

19 (c) all property used and owned by cooperative rural
20 electrical and cooperative rural telephone associations
21 organized under the laws of Montana, except property owned
22 by cooperative organizations described in subsection (1)(c)
23 of [section 6];

24 (d) air and water pollution control equipment as
25 defined in this section;

1 (e) truck campers, motor homes, and camping and travel
2 trailers, including fifth-wheel trailers, owned by and
3 actually used primarily by a person 60 years of age or older
4 who:

5 (i) is retired from full employment; and

6 (ii) whose total income from all sources is not more
7 than \$7,000 for a single person or \$8,000 for a married
8 couple;

9 (f) new industrial property as defined in this
10 section.

11 (2) "Business inventories" includes goods intended for
12 sale or lease in the ordinary course of business and raw
13 materials and work in process with respect to such goods.
14 Business inventories do not include goods leased or rented
15 or mobile homes held by a dealer or distributor as part of
16 his stock in trade. The market value of business
17 inventories, for property tax purposes, is the cost to the
18 person subject to the inventory tax.

19 (3) "Air and water pollution equipment" means
20 facilities, machinery, or equipment used to abate or control
21 water or atmospheric pollution or contamination by removing,
22 altering, disposing, or storing pollutants, contaminants,
23 wastes, or heat. The department of health and environmental
24 sciences shall promulgate rules identifying equipment
25 meeting this definition.

1 (4) "New industrial property" means any new industrial
2 plant, including land, buildings, machinery, and fixtures,
3 used by new industries during the first 3 years of their
4 operation. The property may not have been assessed within
5 the state of Montana prior to July 1, 1961.

6 (b) (a) "New industry" means any person, corporation,
7 firm, partnership, association, or other group that
8 establishes a new plant in Montana for the operation of a
9 new industrial endeavor, as distinguished from a mere
10 expansion, reorganization, or merger of an existing
11 industry.

12 (b) New industry includes only those industries that:

13 (i) manufacture, mill, mine, produce, process, or
14 fabricate materials;

15 (ii) do similar work, employing capital and labor, in
16 which materials unserviceable in their natural state are
17 extracted, processed, or made fit for use or are
18 substantially altered or treated so as to create commercial
19 products or materials; or

20 (iii) engage in the mechanical or chemical
21 transformation of materials or substances into new products
22 in the manner defined as manufacturing in the 1972 Standard
23 Industrial Classification Manual prepared by the United
24 States office of management and budget.

25 (6) New industrial property does not include:

(a) property used by retail or wholesale merchants, commercial services of any type, agriculture, trades, or professions;

(b) a plant that will create adverse impact on existing state, county, or municipal services; or

(c) property used or employed in any industrial plant that has been in operation in this state for 3 years or longer.

(f) Class five property is taxed at 3% of its market value.

NEW SECTION. Section 6. Class six property -- description -- taxable percentage. (1) Class six property includes:

(a) livestock, poultry, and unprocessed products of both;

(b) all property used and owned by persons, firms, corporations, or other organizations that are engaged in the business of furnishing telephone communications exclusively to rural areas or to rural areas and cities and towns of 800 persons or less;

(c) all property owned by cooperative rural electrical and cooperative rural telephone associations that serve less than 95% of the electricity consumers or telephone users within the incorporated limits of a city or town;

(d) electric transformers and meters; electric light

and power substation machinery; natural gas measuring and regulating station equipment, meters, and compressor station machinery owned by centrally assessed public utilities; and tools used in the repair and maintenance of this property; and

(e) tools, implements, and machinery used to repair and maintain machinery not used for manufacturing and mining purposes.

(2) To qualify for this classification, the average circuit miles for each station on the telephone communication system described in subsection (1)(b) must be more than 1 1/4 miles.

(3) Class six property is taxed at 8% of its market value.

NEW SECTION. Section 7. Class seven property -- description -- taxable percentage. (1) Class seven property includes:

- (a) all agricultural implements and equipment;
- (b) all mining machinery, fixtures, equipment, tools, and supplies except:
 - (i) those included in class five; and
 - (ii) coal and ore haulers;
- (c) all manufacturing machinery, fixtures, equipment, tools, and supplies except those included in class five;
- (d) motorcycles;

(c) watercraft;

(f) light utility and boat trailers;

(e) aircraft;

(h) snowmobiles and all-terrain vehicles;

(i) harness, saddlery, and other tack equipment; and

(j) all other machinery except that specifically included in another class.

(c) Class seven property is taxed at 11% of its market value.

NEW SECTION. Section 8. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

(a) automobiles, buses, and trucks weighing 1 1/2 tons or less;

(b) stock, camping, and travel trailers;

(c) truck campers and toppers weighing more than 300 pounds, except those included in class five;

(d) motor homes except those included in class five;

(e) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section; and

(f) citizens' land radios and mobile telephones.

(2) "Commercial establishment" includes any hotel; motel; office; petroleum marketing station; or service, wholesale, retail, or food-handling business.

1 (3) Class eight property is taxed at 13% of its market
2 value.

3 ~~NEW SECTION.~~ Section 9. Class nine property --
4 description -- taxable percentage. (1) Class nine property
5 includes moneyed capital and shares of banks.

6 (2) Class nine property is assessed and taxed as
7 provided in chapter 24, part 2.

8 ~~NEW SECTION.~~ Section 10. Class ten property --
9 description -- taxable percentage. (1) Class ten property
10 includes:

11 (a) radio and television broadcasting and transmitting
12 equipment;

13 (b) cable television systems;

14 (c) centrally assessed utility allocations after
15 deductions of locally assessed properties, except as
16 provided in:

17 (i) class five for cooperative rural electric and
18 cooperative rural telephone associations; and

19 (ii) class six for rural telephone and electrical
20 organizations;

21 (d) coal and ore haulers;

22 (e) trucks weighing more than 1 1/2 tons, including
23 those prorated under 15-24-102;

24 (f) trailers, except those included in classes five,
25 seven, or eight, including those prorated under 15-24-102;

(c) x-ray and specialized medical and dental equipment;

(d) theater projectors and sound equipment; and

(e) all other property not included in the preceding nine classes.

(2) Class ten property is taxed at 16% of its market value.

NEW SECTION. Section 11. Certain disabled veterans' residences exempt. (1) A residence, including the lot on which it is built, owned and occupied by a disabled veteran is exempt from property taxation under the following conditions. The owner must:

(a) have been honorably discharged from active service in any branch of the armed services;

(b) be rated 100% disabled due to a service-connected disability by the United States veterans administration or its successor; and

(c) have an annual income from all sources of not more than \$7,000 for a single person and \$8,000 for a married couple.

(2) If a veteran whose property has been eligible for this exemption dies, the property shall continue to be exempt so long as the surviving spouse:

(a) remains unmarried;

(b) is the owner and occupant of the house; and

1 (c) has a total annual income from all sources of not
2 more than 17,000.

3 NEW SECTION. Section 12. Application for class five
4 and certain class four classifications. (1) A person
5 applying for classification of property described in
6 subsection (1)(c) of [section 5] or subsection (1)(d) of
7 [section 4] shall make an affidavit to the department of
8 revenue, on a form provided by the department without cost,
9 stating:

10 (a) his income;

11 (b) his retirement benefits;

12 (c) his marital status;

13 (d) the fact that he maintains the land and
14 improvements as his primary residential dwelling, where
15 applicable; and

16 (e) such other information as is relevant to the
17 applicant's eligibility.

18 (2) This application must be made before March 1 of
19 the year after the applicant becomes eligible.

20 (3) The affidavit is sufficient if the applicant signs
1 a statement affirming the correctness of the information
22 supplied, whether or not the statement is signed before a
23 person authorized to administer oaths, and mails the
24 application and statement to the department of revenue. This
25 signed statement shall be treated as a statement under oath

1 or equivalent affirmation for the purposes of 45-1-202,
2 relating to the criminal offense of false swearing.

3 Re Senate Section 13. Application for
4 classification as new industrial property. (1) Any person,
5 firm, or other group seeking to qualify its property for
6 classification as new industrial property under class five
7 shall make application to the department of revenue on a
8 form provided by the department.

9 (2) The department of revenue shall promulgate rules
10 for the determination of what constitutes an adverse impact,
11 taking into consideration the number of people to be
12 employed and the size of the community in which the location
13 of the industrial property is contemplated.

14 (3) If the department makes an initial determination
15 that the industrial property qualifies as new industrial
16 property under class five, it shall publish notice of and
17 hold a public hearing to determine whether the property
18 should retain this classification.

19 (4) Local taxing authority officials may waive their
20 objections to the property's classification in class five if
21 the owner of the new industrial property agrees to prepay
22 property taxes on the property during the construction
23 period. The maximum amount of prepayment shall be the
24 amount of tax the owner would have paid on the property if
25 it had not been classified under class five.

1 (5) If a new industrial facility qualifies under class
2 five, its property tax payment may not be reduced for
3 reimbursement of its prepaid taxes as provided in 15-16-201
4 until the class five qualification expires.

5 Section 14. Section 15-1-101, MCA, is amended to read:

6 "15-1-101. Definitions. (1) When terms mentioned in
7 this section are used in connection with taxation, they are
8 defined in the following manner:

9 (a) The term "assessed value" means the value of
10 property as defined in 15-1-111.

11 (b) The term "credit" means solvent debts, secured or
12 unsecured, owing to a person.

13 (c) The term "improvements" includes all buildings,
14 structures, fixtures, fences, and improvements situated
15 upon, erected upon, or affixed to land. When the department
16 of revenue or its agent determines that the permanency of
17 location of a mobile home or house trailer has been
18 established, the mobile home or house trailer is presumed to
19 be an improvement to real property. If the mobile home or
20 house trailer is an improvement located on land not owned by
21 the owner of such improvement, the improvement is assessed
22 as a leasehold improvement to real property and delinquent
23 taxes can be a lien only on the leasehold improvement.

24 (d) The term "mobile home" means forms of housing
25 known as "trailers", "house trailers", or "trailer coaches",

1 exceeding 8 feet in width or 32 feet in length, designed to
2 be moved from one place to another by an independent power
3 connected to them.

4 (e) The term "personal property" includes everything
5 that is the subject of ownership but that is not included
6 within the meaning of the terms "real estate" and
7 "improvements".

8 (f) The term "property" includes moneys, credits,
9 bonds, stocks, franchises, and all other matters and things,
10 real, personal, and mixed, capable of private ownership.
11 This definition must not be construed to authorize the
12 taxation of the stocks of any company or corporation when
13 the property of such company or corporation represented by
14 the stocks is within the state and has been taxed.

15 (g) The term "real estate" includes:

16 (i) the possession of, claim to, ownership of, or
17 right to the possession of land;

18 (ii) all mines, minerals, and quarries in and under the
19 land subject to the provisions of 15-23-501 and 15-23-801;
20 all timber belonging to individuals or corporations growing
21 or being on the lands of the United States; and all rights
22 and privileges appertaining thereto.

23 (h) The term "taxable value" means the percentage of
24 market or assessed value as provided for in chapter 67--part
25 4 [sections 1 through 10 of this act].

(2) The phrase "municipal corporation" or "municipality" or "taxing unit" shall be deemed to include a county, city, incorporated town, township, school district, irrigation district, drainage district, or any persons, persons, or organized body authorized by law to establish tax levies for the purpose of raising public revenue.

(3) The term "state board" or "board" when used without other qualification shall mean the state tax appeal board.

Section 15. Section 15-6-101, MCA, is amended to read:

"15-6-101. Property subject to taxation -- classification. (1) All property in this state is subject to taxation, except as provided otherwise.

(2) For the purpose of taxation, the taxable property in the state shall be classified in accordance with ~~15-6-102 through 15-6-104~~ Sections 1 through 10 of this act."

Section 16. Section 15-7-202, MCA, is amended to read:

"15-7-202. Eligibility of land for valuation as agricultural. (1) Land which is actively devoted to agricultural use shall be eligible for valuation, assessment, and taxation as herein provided each year it meets either of the following qualifications:

(a) the area of such land is not less than 5 contiguous acres when measured in accordance with provisions of 15-7-206, and it has been actively devoted to agriculture

1 during the last growing season, and it continues to be
2 actively devoted to agricultural use, which means:

3 (i) it is used to produce field crops including but
4 not limited to grains, feed crops, fruits, vegetables; or

5 (ii) it is used for grazing; or

6 ~~(iii) it is used for growing timber; or~~

7 ~~++++(iv)~~ it is in a cropland retirement program; or

8 (2) it agriculturally produces for sale or home
9 consumption the equivalent of 15% or more of the owners'
10 annual gross income regardless of the number of contiguous
11 acres in the ownership.

12 (2) Land shall not be classified or valued as
13 agricultural if it is subdivided with stated restrictions
14 prohibiting its use for agricultural purposes.

15 (3) The grazing on land by a horse or other animals
16 kept as a hobby and not as a part of a bona fide
17 agricultural enterprise shall not be considered a bona fide
18 agricultural operation."

19 Section 17. Section 15-8-111, MCA, is amended to read:

20 "15-8-111. Assessment -- market value standard --
21 exceptions. (1) All taxable property must be assessed at
22 100% of its market value except as provided in subsection
23 (5) of this section and in 15-7-111 through 15-7-114.

24 (2) Market value is the value at which property would
25 change hands between a willing buyer and a willing seller,

neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(2) The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property in ~~class one and classes seven through eighteen~~ subsection (1)(a) of [section 1], [sections 4 through 8], and [section 10]. For purposes of taxation, assessed value is the same as appraised value.

(4) The taxable value for all property in ~~class one~~ subsection (1)(a) of [section 1], and ~~classes seven four through eighteen eight, and class ten~~ is the percentage of market value established for each class of property in ~~15-6-102 and 15-6-106~~ subsection (2)(a) of [section 1], [section 4] through 15-6-119 [section 8], and [section 10].

(5) The assessed value of properties in ~~15-6-103 through 15-6-107 and 15-6-120~~ subsection (1)(b) of [section 1], [section 2], [section 4], and [section 9] is as follows:

~~(a) Property in 15-6-106, under class five, is assessed at 100% of book value by the method established in 15-6-106 and the sections cited therein.~~

~~(b)(2) Properties in 15-6-103, subsection (1)(b) of [section 1], under class two, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503.~~

1 ~~fe)(b) Properties in 15-6-104v-15-6-105v-and-15-6-126v~~
 2 ~~[section 2] under classes-threev-fourv-and-nineteen class~~
 3 ~~two~~ are assessed at 100% of the annual gross proceeds.

4 ~~fe)(c) Properties in 15-6-107 [section 3], under class~~
 5 ~~six threev~~, are assessed at 100% of the productive capacity
 6 of the lands when valued for agricultural purposes. All
 7 lands that meet the qualifications of 15-7-202 are valued as
 8 agricultural lands for tax purposes.

9 ~~(d) Property in [section 9], under class nine, is~~
 10 ~~assessed as provided in part 2, chapter 24, title 12.~~

11 (6) Land and the improvements thereon are separately
 12 assessed when any of the following conditions occur:

13 (a) ownership of the improvements is different from
 14 ownership of the land;

15 (b) the taxpayer makes a written request; or

16 (c) the land is outside an incorporated city or town.

17 (7) The taxable value of all property in subsection
 18 (1)(b) of [section 1] and classes two, through-six threev,
 19 and nine is the percentage of assessed value established in
 20 ~~15-6-103--through--15-6-107~~ subsection (2)(b) of [section 1]
 21 and [sections 2, 3, and 9] for each class of property.

22 Section 18. Section 15-23-501, MCA, is amended to
 23 read:

24 "15-23-501. Taxation of mines. All mines and mining
 25 claims, both placer and rock in place, containing or bearing

1 gold, silver, copper, lead, coal, or other valuable mineral
 2 deposits, after purchase thereof from the United States,
 3 shall be taxed ~~at the price paid the United States therefor~~
 4 ~~unless the surface ground or some part thereof of such mine~~
 5 ~~or claim is used for other than mining purposes and has a~~
 6 ~~separate and independent value for such other purposes in~~
 7 ~~which case said surface ground or any part thereof so used~~
 8 ~~for other than mining purposes shall be taxed at its full~~
 9 ~~value for such other purposes as all other land is taxed.~~

10 All machinery used in mining and all property and surface
 11 improvements upon or appurtenant to mines and mining claims
 12 which have a value separate and independent of such mines or
 13 mining claims and the annual net proceeds of all mines and
 14 mining claims shall be taxed as other personal property."

15 Section 19. Section 15-23-505, MCA, is amended to
 16 read:

17 "15-23-505. Assessment of royalties. Upon receipt of
 18 the list or schedule setting forth the names and addresses
 19 of any and all persons owning or claiming royalty and the
 20 amount paid or yielded as royalty to the royalty owners or
 21 claimants during the year for which the return is made, the
 22 department of revenue shall proceed to assess and tax the
 23 royalties on the same basis as net proceeds of mines are
 24 taxed as provided by 15-6-103 [section 1 of this act]."

25 Section 20. Section 15-24-102, MCA, is amended to

read:

"15-24-102. Valuation of interstate fleets -- determination of aggregate tax due. The department of revenue shall assess any interstate motor vehicle fleet making application for proportional registration as follows:

(1) The purchase price depreciated by a schedule as prescribed by the department shall determine the depreciated value.

(2) The depreciated value multiplied by the percent of miles traveled in Montana as prescribed by 61-3-721 shall be the assessed value.

(3) The sum of the assessed value of all vehicles included in the fleet multiplied by ~~12%~~ 16% shall be the taxable value for the entire fleet.

(4) To determine the amount of tax due, the taxable value of the entire fleet shall be multiplied by the statewide average county mill levy plus state levies as hereinafter provided."

Section 21. Section 15-24-301, MCA, is amended to read:

"15-24-301. Personal property brought into the state -- assessment -- exceptions -- custom combine equipment. (1) Property in the following cases is subject to taxation and assessment for all taxes levied that year in the county in which it is located:

1 (a) any personal property (including livestock)
2 brought, driven, or coming into this state at any time
3 during the year that is used in the state for hire,
4 compensation, or profit;

5 (b) property whose owner or user is engaged in gainful
6 occupation or business enterprise in the state; or

7 (c) property which comes to rest and becomes a part of
8 the general property of the state.

9 (2) The taxes on this property are levied in the same
10 manner and to the same extent, except as otherwise provided,
11 as though the property had been in the county on the regular
12 assessment date, provided that the property has not been
13 regularly assessed for the year in some other county of the
14 state.

15 (3) Nothing in this section shall be construed to levy
16 a tax against a merchant or dealer within this state on
17 goods, wares, or merchandise brought into the county to
18 replenish the stock of the merchant or dealer in addition to
19 the tax levied against the inventory of said merchant or
20 dealer on the regular assessment date.

21 (4) This section shall not apply to motor vehicles
22 brought, driven, or coming into this state by any
23 nonresident, migratory, bona fide agricultural workers
24 temporarily employed in agricultural work in Montana if the
25 motor vehicles are used exclusively for transportation of

1 agricultural workers.

2 (5) Agricultural harvesting machinery classified under
3 ~~classes-eight-and-twelve class seven~~, licensed in other
4 states, and operated on the lands of persons other than the
5 owner of the machinery under contracts for hire shall be
6 subject to a fee in lieu of taxation of \$35 per machine for
7 a 60-day period. The machines shall be subject to taxation
8 under ~~classes-eight-and-twelve class seven~~ only if they are
9 sold in Montana."

10 Section 22. Section 15-24-505, MCA, is amended to
11 read:

12 "15-24-505. Taxation of state banks and shares of
13 stock in. (1) Every state bank or banking corporation
14 located and doing business in this state and every private
15 banker doing business in this state shall be taxed upon the
16 value of all real estate and personal property owned by the
17 bank, banking corporation, or private banker, upon the
18 moneyed capital employed in the business, and such moneyed
19 capital to be ascertained as provided by ~~15-6-106~~ [section 9
20 of this act]. The cashier or secretary of every bank or
21 banking corporation and every private banker shall furnish
22 to the department of revenue or its agent in the county in
23 which its or his bank is located, within 5 days after demand
24 therefor, a statement verified by his oath showing all the
25 resources and liabilities of the bank as disclosed by its

1 books at the close of business on December 31 of the
2 preceding year. If the cashier, secretary, or private banker
3 fails to make the statement, the department or its agent
4 shall forthwith obtain the information from any other
5 available source and for this purpose shall have access to
6 the books of the bank, banking corporation, or private
7 banker. The department or its agent shall thereupon make an
8 assessment of the real estate and personal property owned by
9 the bank, banking corporation, or private banker and of the
10 moneyed capital employed in the business of the bank,
11 banking corporation, or private banker. The assessment shall
12 be as fair and equitable as can be made from the best
13 information available. For the purpose of the assessment,
14 the figures disclosed by any prior report made by the bank,
15 banking corporation, or private banker to any state or
16 federal officer pursuant to any state or federal law may be
17 adopted. Any person required by this section to make the
18 statement hereinabove provided who fails to furnish it shall
19 be guilty of a misdemeanor and punished accordingly.

20 (c) All shares or stock in any bank or banking
21 corporation shall be assessed at their full cash value,
22 except to the extent that that value is represented in
23 property which is assessable and taxable to the bank or
24 banking corporation in this state, and shall be taxable to
25 the owners of the shares in the county, school district,

1 city, town, or place where the bank or banking corporation
2 is located, whether the owners of the shares are residents
3 of such county, school district, city, town, or place.

4 (3) The cashier or secretary of any bank or banking
5 corporation shall furnish to the department or its agent,
6 upon demand, the name of each stockholder, with his
7 residence and the number of shares belonging to him at the
8 close of business on December 31 of the preceding year. If
9 the cashier or secretary, for more than 5 days after the
10 demand, fails to furnish such information, he is guilty of a
11 misdemeanor and the department or its agent may obtain
12 information from any other available source or from the
13 books of the bank or banking corporation. For convenience,
14 the assessment of the shares shall be entered on the
15 personal property assessment list under the name of the bank
16 or banking corporation concerned, but in the assessment list
17 the names of the owners of such shares and the number of
18 shares owned by each shall be set forth. The assessment,
19 when so entered, has all the force and effect as if made in
20 the names of the owners of the shares individually. The bank
21 or banking corporation in which the shares are owned is
22 liable for the payment of taxes assessed against the shares,
23 and the taxes are payable by and collected from the bank or
24 banking corporation in the same manner and under the same
25 penalties as other taxes. The bank or banking corporation

1 may recover from the owners of shares any taxes paid on the
 2 shares and has a lien therefor upon the shares and upon any
 3 dividends accrued or to accrue thereon."

4 Section 23. Section 15-24-506, MCA, is amended to
 5 read:

6 "15-24-506. Banks in two or more counties --
 7 apportionment or tax. Any state or national bank, banking
 8 corporation, or private bank, the stock, moneyed capital, or
 9 moneys and credits of which are subject to taxation under
 10 the provisions of this part and ~~chapter 6 of this title~~
 11 [section 2 of this act] and which has banking offices in
 12 more than one county, shall furnish to the department of
 13 revenue or its agent in each such county the information
 14 required of it by this part, together with a statement of
 15 the book value of real estate owned and located in the
 16 respective counties and a statement of the deposit liability
 17 shown by the books of account of said bank at each of its
 18 banking offices at the close of business on December 31 of
 19 the preceding year. The aggregate tax on the stock, moneyed
 20 capital, and moneys and credits of such bank, computed as
 21 provided by law, shall be assessed by and be paid to the
 22 respective counties in the proportion which the amount of
 23 the deposit liability shown on the books of the office or
 24 offices of such bank located in such counties, respectively,
 25 shall bear to the total deposit liability of such bank."

1 Section 24. Section 15-24-1102, MCA, is amended to
2 read:

3 "15-24-1102. Federal property held under contract of
4 sale. When the property is held under a contract of sale or
5 other agreement whereby upon payment the legal title is or
6 may be acquired by the person, the real property shall be
7 assessed and taxed as defined in ~~chapter--6v--part--iv~~
8 [sections 1 through 10] and 15-8-111 without deduction on
9 account of the whole or any part of the purchase price or
10 other sum due on the property remaining unpaid. The lien for
11 the tax may not attach to, impair, or be enforced against
12 any interest of the United States in the real property."

13 Section 25. Section 15-24-1103, MCA, is amended to
14 read:

15 "15-24-1103. Federal property held under lease. When
16 the property is held under lease, other interest, or estate
17 therein less than the fee, except under contract of sale,
18 the property shall be assessed and taxed as for the value,
19 as defined in ~~chapter-6v-part-iv~~ [sections 1 through 10 of
20 this act] of such leasehold, interest, or estate in the
21 property and the lien for the tax shall attach to and be
22 enforced against only the leasehold, interest, or estate in
23 the property. When the United States authorizes the taxation
24 of the property for the full assessed value of the fee
25 thereof, the property shall be assessed for full assessed

1 value as defined in 15-6-111."

2 Section 20. Section 15-24-1308, MCA, is amended to
3 read:

4 "15-24-1308. Land classified as industrial --
5 assessment provisions. (1) The governing body shall identify
6 those lands within its jurisdiction whose highest and best
7 purpose is determined to be industrial. Owners of existing
8 industrial buildings and grounds under construction or
9 undergoing expansion that increases the taxable value of the
10 property 10% shall receive tax benefits or penalties based
11 on their compliance with the land use categories established
12 by the governing body. Improvements classified as "new
13 industrial property" under 15-6-119 [section 5 of this act]
14 may not qualify for benefits under this section. Industrial
15 land and buildings shall be classified as Class A, B, C, or
16 D for purposes of new construction or expansion of existing
17 facilities.

18 (2) Tax benefits and penalties for new construction or
19 expansion shall apply to the land and the improvements
20 thereon in accordance with these classifications, determined
21 by the governing body, based on compliance with the
22 following environmental criteria. Construction of or
23 expansion of industrial buildings and grounds:

24 (a) would not place unreasonable burden on existing
25 public services, such as highways, schools, and police and

1 fire protection;

2 (b) would have sufficient water available for
3 foreseeable needs;

4 (c) would meet existing air and water pollution
5 requirements or that through reclamation the natural
6 environment could be returned substantially to its original
7 condition;

8 (d) would have adequate sewage and solid waste
9 disposal facilities.

10 (3) Classes A, B, C, and D shall be determined and
11 taxed as follows:

12 Class A--complies with criteria (2)(a) through (2)(d).

13 Class B--complies with criteria (2)(c) through (2)(d).

14 Class C--complies with criteria (2)(b) and (2)(d).

15 Class D--other than Class A, B, or C.

16 LAND CLASSIFICATION

INDUSTRIAL CLASSIFICATION

| | CLASS A | CLASS B | CLASS C | CLASS D |
|----------------|---------|---------|---------|---------|
| 18 Residential | + 50% | +100% | +150% | +200% |
| 19 Commercial | - 25% | - 15% | -0- | + 50% |
| 20 Industrial | - 50% | - 30% | - 10% | + 25% |

21 The percentages above reflect the amount in addition
22 (+) to the taxable value or less than (-) the taxable value.
23 These percentages of taxable value shall be continuously
24 applied to the land and the buildings for 10 consecutive
25 years following their construction. The construction period

may not be taxed for new industrial construction or expansion of an existing industry except as provided in 15-24-1307(3) and (b). Beginning with the 11th year following construction, the percentage of taxable value shall be adjusted in equal increments until taxable value is attained in the 20th year. Thereafter, the property shall be taxed at 100% of taxable value."

Section 27. Section 15-24-1311, MCA, is amended to read:

15-24-1311. Remodeling of homes, buildings, or structures -- assessment provisions. (1) Remodeling of existing buildings or structures shall receive tax benefits ~~in-lieu-of--those--provided--under--15-6-114~~ during the construction period and for the following 5 years in accordance with the following schedule. These percentages shall be applied to any increase in taxable value caused by the remodeling:

| | |
|------------------------------------|------|
| Construction period | 0% |
| First year following construction | 20% |
| Second year following construction | 40% |
| Third year following construction | 60% |
| Fourth year following construction | 80% |
| Fifth year following construction | 100% |
| Following years | 100% |

(2) If an existing home, building, or structure is not

remodeled as defined in this chapter within the 10 years following passage of this act, a 5% increase shall be added to its taxable value each year that the owner fails to remodel to a maximum of 50%. After a home, building, or structure has been remodeled, the provisions of this section shall be considered to be started again with the beginning of a new 10-year period.

(3) The governing body shall waive the provisions of this section unless it can be demonstrated that lack of regular maintenance over a period of time has failed to maintain the value of the property and that depreciation has taken place to lower the value of the property more than 2 1/2%."

Section 28. Section 20-9-407, MCA, is amended to read:

"20-9-407. Industrial facility agreement for bond issue in excess of maximum. (1) In a school district within which a new major industrial facility which seeks to qualify for taxation as class ~~eighteen~~ five property under ~~15-6-119~~ [section 5 of this act] is being constructed or is about to be constructed, the school district may require, as a precondition of the new major industrial facility qualifying as class ~~eighteen~~ five property, that the owners of the proposed industrial facility enter into an agreement with the school district concerning the issuing of bonds in excess of the 29% limitation prescribed in this section.

1 Under such an agreement, the school district may, with the
2 approval of the voters, issue bonds which exceed the
3 limitation prescribed in this section by a maximum of 29% of
4 the estimated taxable value of the property of the new major
5 industrial facility subject to taxation when completed. The
6 estimated taxable value of the property of the new major
7 industrial facility subject to taxation shall be computed by
8 the department of revenue when requested to do so by a
9 resolution of the board or trustees of the school district.
10 A copy of the department's statement of estimated taxable
11 value shall be printed on each ballot used to vote on a bond
12 issue proposed under this section.

13 (2) Pursuant to the agreement between the new major
14 industrial facility and the school district and as a
15 precondition to qualifyin as class eighteen five property,
16 the new major industrial facility and its owners shall pay,
17 in addition to the taxes imposed by the school district on
18 property owners generally, so much of the principal and
19 interest on the bonds provided for under this section as
20 represents payment on an indebtedness in excess of the
21 limitation prescribed in this section. After the completion
22 of the new major industrial facility and when the
23 indebtedness of the school district no longer exceeds the
24 limitation prescribed in this section, the new major
25 industrial facility shall be entitled, after all the current

1 indebtedness of the school district has been paid, to a tax
2 credit over a period of no more than 20 years. The credit
3 shall as a total amount be equal to the amount which the
4 facility paid the principal and interest of the school
5 district's bonds in excess of its general liability as a
6 taxpayer within the district.

7 (3) A major industrial facility is a facility subject
8 to the taxing power of the school district whose
9 construction or operation will increase the population of
10 the district, imposing a significant burden upon the
11 resources of the district and requiring construction of new
12 school facilities. A significant burden is an increase in
13 ABE of at least 20% in a single year."

14 Section 29. Repealer. Sections 15-6-102 through
15 15-6-121 and 15-7-121, ACA, are repealed.

-End-

